

# Non-Departmental Accounts

## MISSION STATEMENT

Non-Departmental Accounts (NDAs) contain expenditure items essential to the operation of the County government, which do not fall within the functional assignment of any department or agency, or which provide for expenditures related to more than one department or agency.

In FY06, 33 non-departmental accounts are funded. Three NDAs are not recommended for funding, the Board of Investment Trustees, Inauguration and Transition, and Restricted Donations. The four full-time positions with the Board of Investment Trustees are charged back to the Retirement Fund, and 1.4 workyears are charged to the Compensation and Employee Benefits Adjustments NDA for deferred compensation management.

## BUDGET OVERVIEW

The total recommended FY06 Operating Budget for the Non-Departmental Accounts is \$103,771,810, an increase of \$16,799,900 or 19.3 percent from the FY05 Approved Budget of \$86,971,910. Personnel Costs comprise 1.9 percent of the budget for six full-time positions for 3.2 workyears. Operating Expenses and Capital Outlay account for the remaining 98.1 percent of the FY06 budget.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding. Please see Section 6 for information related to the CIP.

## PROGRAM CONTACTS

Contact Belinda M. Bunggay of the Office of Management and Budget at 240.777.2794 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### Arts and Humanities Council

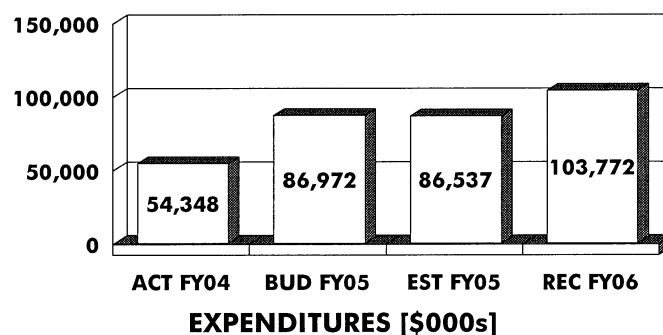
This NDA provides funding for the Arts and Humanities Council of Montgomery County (AHCMC), the County's designated local arts and humanities agency. Taxpayer support of the Arts and Humanities Council includes: grants to arts and humanities organizations, artists, and scholars; technical assistance and other support services for individuals and other organizations in the County; and operating expenses for AHCMC. The County's contribution is implemented by a contract between the Department of Recreation and AHCMC.

The Arts and Humanities Council's mission is to promote, support, and expand cultural activities in the County and to help integrate them into the lives of all residents. AHCMC coordinates services to more than 300 arts and humanities organizations and over 300 individual artists and scholars in the

## Program Summary

	Expenditures	WYs
Arts and Humanities Council	1,301,910	0.0
Board of Investment Trustees	0	0.0
Boards, Committees, and Commissions	15,000	0.0
Charter Review Commission	1,500	0.0
Closing Cost Assistance	136,830	0.0
Community Grants	6,312,120	0.0
Compensation and Employee Benefits Adjustments	2,061,230	2.2
Conference and Visitors Bureau	501,550	0.0
Conference Center	380,810	1.0
Council of Governments	697,080	0.0
County Associations	62,180	0.0
Desktop Computer Modernization	6,196,660	0.0
Future Federal/State/Other Grants	10,000,000	0.0
Grants to Municipalities in Lieu of Shares Tax	28,020	0.0
Group Insurance for Retirees	21,587,860	0.0
Historical Activities	379,510	0.0
Homeowners' Association Road Maintenance Reimburse.	276,390	0.0
Housing Opportunities Commission	4,912,070	0.0
Inauguration & Transition	0	0.0
Independent Audit	313,640	0.0
Interagency Technology, Policy, & Coordinating Comm.	30,000	0.0
Judges Retirement Contributions	3,740	0.0
Leases	12,969,620	0.0
Motor Pool Fund Contribution	1,050,500	0.0
Municipal Tax Duplication	7,379,150	0.0
Prisoner Medical Services	14,000	0.0
Public Technology, Inc.	27,500	0.0
Restricted Donations	0	0.0
Risk Management (General Fund Portion)	13,254,760	0.0
Rockville Parking District	130,000	0.0
State Positions Supplement	168,380	0.0
State Retirement Contribution	808,130	0.0
Support for the Arts and Recreation	1,710,190	0.0
Takoma Park Library Annual Payment	89,670	0.0
Takoma Park Police Rebate	453,810	0.0
Working Families Income Supplement	10,518,000	0.0
<b>Totals</b>	<b>103,771,810</b>	<b>3.2</b>

## Trends



County. Its activities include: providing grants and fellowships to individuals, scholars, and arts and humanities organizations; providing technical assistance to arts and humanities organizations; sponsoring cultural events; publishing and maintaining on its website a comprehensive calendar of cultural events in the County; coordinating cultural activities; sponsoring and overseeing the presentation of an annual cultural fair; providing staff support for the County's Public Arts Trust; and implementing the County's first community cultural plan. AHCMC is headquartered in Bethesda, Maryland, and receives support from the State of Maryland, Montgomery County, regional foundations, and private support.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>1,117,970</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>1,301,910</b>	<b>0.0</b>

#### **Board of Investment Trustees**

The mission of the Board of Investment Trustees is to manage prudent investment programs for the members of the Employee Retirement Plans and their beneficiaries. Expenditures associated with this program are funded from the Employees' Retirement System (ERS), Retirement Savings Plan (RSP), and the General Fund on behalf of the Montgomery County Deferred Compensation Plan (DCP) trust funds and are, therefore, not appropriated here. The Board of Investment Trustees manages the assets of the ERS through its investment managers in accordance with the Board's asset allocation strategy and investment guidelines. The Board also administers the investment programs for the RSP and DCP. The Board consists of 13 trustees including: the Directors of Human Resources, Finance, Management and Budget, and the Council Staff; one member recommended by each employee organization; one active employee not represented by an employee organization; one retired employee; two members of the public recommended by the County Council; and two members of the general public.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>0</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>0</b>	<b>0.0</b>

#### **Boards, Committees, and Commissions**

There are approximately 800 members of County boards, committees, and commissions, created by law or resolution, who serve the County for a variety of purposes. These funds provide for the reimbursement of certain expenses incurred by eligible members of boards, committees, or commissions while on official business and/or for expenses related to the establishment of any new boards, committees, or commissions.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>5,000</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>15,000</b>	<b>0.0</b>

#### **Charter Review Commission**

Section 509 of the County Charter requires that a Charter Review Commission be appointed by the County Council every four years, within six months after the Council assumes office, for the purpose of studying the Charter. The Commission shall report at least once to the Council on the Commission's activities within one year after appointment. Commission reports shall be submitted not later than May 1 of every even-numbered year. The reports shall contain recommendations concerning proposed Charter amendments, if any. This NDA provides for the expenses of the Commission.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>400</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>1,500</b>	<b>0.0</b>

#### **Closing Cost Assistance**

This NDA provides financing for real estate closing cost expenses to assist moderate-to-middle-income home buyers. Eligible first-time home buyers can receive a seven-year loan under the program to help pay the settlement expense of a home purchase. The maximum amount of loans is the lesser of \$7,500 or five percent of the sale price of the single-family residence. The Housing Opportunities Commission (HOC) administers and operates the program. As part of an arrangement between HOC and the Federal National Mortgage Association (Fannie Mae), the County has established this account to help defray program operating costs incurred by HOC.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>132,740</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>136,830</b>	<b>0.0</b>

#### **Community Grants**

This NDA provides one-time grants directly to organizations in the community. A complete list of grantees is located within the FY06 Recommended Changes Crosswalk at the end of this section. Included in this NDA are:

- Community Empowerment Grants, one-time grants to promote direct services to community residents and enhance community pride, self-sufficiency and community participation;
- Community Grants, one-time grants to organizations that leverage Federal, State, and/or private funding or improve the quality of life for County residents;
- Community Service Grants, one-time grants for capital purchases that support health and human service activities.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>2,840,320</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>6,312,120</b>	<b>0.0</b>

## Compensation and Employee Benefits Adjustments

This NDA contains a General Fund (\$1,879,470) and a Grant Fund (\$181,760) appropriation, and provides funding for certain personnel costs related to adjustments in employee and retiree benefits, pay-for-performance awards for employees in the Management Leadership Service, Deferred Compensation Management, and unemployment insurance.

**Non-Qualified Retirement Plan:** This provides funding for that portion of a retiree's benefit payment that exceeds the Internal Revenue Code's \$415 limits on payments from a qualified retirement plan. Payment of these benefits from the County's Employees' Retirement System (ERS) would jeopardize the qualified nature of the County's ERS. The amount in this NDA will vary based on future changes in the Consumer Price Index (CPI) affecting benefit payments, new retirees with a non-qualified level of benefit, and changes in Federal law governing the level of qualified benefits.

**Deferred Compensation Management:** These costs are for management expenses required for administration of the County's deferred compensation program. Management expenses include legal and consulting fees, office supplies, printing and postage, and County staff support.

**Management Leadership Service: Performance-Based Pay Awards:** In FY99, the County implemented the Management Leadership Service (MLS) which includes high level County employees with responsibility for developing and implementing policy and managing County programs and services. The MLS was formed for a number of reasons including: improving the quality and effectiveness of service delivery through management training, performance accountability, and appropriate compensation; providing organizational flexibility to respond to organizational needs; allowing managers to seek new challenges; and developing and encouraging a government-wide perspective among the County's managers. MLS employees are not eligible for service increments.

**Unemployment Insurance:** The County is self-insured for unemployment claims resulting from separations of service. Unemployment insurance is managed by the Office of Human Resources through a third party administrator who advises the County and monitors claims experience.

### FY06 Recommended Changes

	Expenditures	WYs
<b>FY05 Approved</b>	<b>1,889,330</b>	<b>1.4</b>
<b>FY06 CE Recommended</b>	<b>2,061,230</b>	<b>2.2</b>

## Conference and Visitors Bureau

The Conference and Visitors Bureau (CVB) promotes Montgomery County as a tourist destination site to meeting planners, group tour operators, and travel writers; develops and distributes publications on points of interest to tourists; and conducts public information campaigns promoting tourism and event facilitation in Montgomery County. The CVB coordinates with the State Department of Tourism, State Film Office, and nationally recognized events, such as the Booz Allen Classic

golf tournament, to promote tourism growth in Montgomery County. The CVB operates on contract with the Department of Economic Development. Funding is based on 3.5 percent of hotel/motel tax revenues.

The CVB also pursues additional marketing opportunities brought about by the opening of new cultural and recreational venues such as the Montgomery County Conference Center, the Strathmore Concert Hall, and the Soccerplex. In addition to maintaining a visitor information center in Germantown off of I-270, the CVB also provides visitor information services at the Conference Center during peak periods.

### FY06 Recommended Changes

	Expenditures	WYs
<b>FY05 Approved</b>	<b>634,650</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>501,550</b>	<b>0.0</b>

## Conference Center

Prior to FY06, the Conference Center NDA primarily provided for pre-opening expenses. Since the Conference Center opened in November, 2004, the NDA has expanded its scope to fund:

- A full-time position to manage the operational and fiscal oversight of the Conference Center complex;
- Non-routine or major repairs, alterations, improvements, renewals, and replacements; and
- The designated reserve required by the management agreement with Marriott International, Inc.

Revenues consisting of net operating income from the Conference Center and land rent from the hotel are also reflected in the NDA.

### FY06 Recommended Changes

	Expenditures	WYs
<b>FY05 Approved</b>	<b>1,260,270</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>380,810</b>	<b>1.0</b>

## Council of Governments

The Metropolitan Washington Council of Governments (COG) is a voluntary association of major local governments in the Washington Metropolitan Area. COG seeks to provide regional answers to, and coordination of, area-wide issues such as air and water pollution, day care, housing, crime, water supply, land use, and transportation.

This NDA reflects Montgomery County's share of the organization's operation plus special COG initiatives. Additionally, the contribution supports the Cooperative Purchasing Program; the Anacostia Restoration Fund; the Regional Environmental Fund; the Airport Noise Abatement Program; and a membership fee for participation on a regional housing committee.

As in previous years, the Washington Suburban Sanitary Commission will provide Montgomery County's contribution to support the Water Resources Management Planning Program, the Blue Plains Users, and the Potomac River Regional Monitoring Program.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>679,390</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>697,080</b>	<b>0.0</b>

### **County Associations**

This NDA funds Montgomery County membership dues to the National Association of Counties (NACo) and the Maryland Association of Counties (MACo).

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>56,740</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>62,180</b>	<b>0.0</b>

### **Desktop Computer Modernization**

The Desktop Computer Modernization (DCM) program was developed by the Department of Technology Services (DTS) and is based on a best practices approach to maintaining a modern and cost effective computing environment in the County. The program reduces the Total Cost of Ownership (TCO) of PCs through standardization, asset management, and maintenance services. DCM includes the centralized management, support, and maintenance of PCs and the annual replacement of one-fourth of managed PCs. The program also includes PC-related training and software.

This NDA includes funding for Help Desk support, management, maintenance, and replacement of PCs.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>6,196,660</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>6,196,660</b>	<b>0.0</b>

### **Future Federal/State/Other Grants**

This NDA enables the County to implement new grant-funded programs up to \$100,000 each and provides funds for grant continuations and enhancements without having to process individual supplemental appropriations through the County Council. Upon approval by the County Executive, funds in this program are transferred to the receiving department's grant account.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>10,000,000</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>10,000,000</b>	<b>0.0</b>

### **Grants to Municipalities in Lieu of Shares Tax**

This NDA funds payments required in accordance with State law. The 1968 Session of the General Assembly revised the tax structure to include a County income tax. As part of this restructuring, the shared tax on banks and financial institutions was eliminated, and a provision was adopted which requires

counties to pay annually to municipalities the amount (\$28,020) which had been received by the municipalities in FY68.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>28,020</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>28,020</b>	<b>0.0</b>

### **Group Insurance for Retirees**

Group insurance is provided to an estimated 3,800 retired County employees and survivors, as well as retirees of participating outside agencies. Employees hired before January 1, 1987, are eligible upon retirement to pay 20 percent of the premium for health and life insurance for the same number of years (after retirement) that they were eligible to participate in the group insurance plan as an active employee. The County government pays the remaining 80 percent of the premium. Thereafter, these retirees pay 100 percent of the premium. Employees hired before January 1, 1987, are also offered the option at retirement to convert from the 20/80 arrangement to a lifetime cost sharing option.

Employees hired after January 1, 1987, are eligible upon retirement for a lifetime cost sharing option under which the County pays 70 percent of the premium and the retiree pays 30 percent of the premium for life for retirees who were eligible to participate in the County group insurance plan for 15 or more years as active employees. Minimum participation eligibility of five years as an active employee is necessary to be eligible for the lifetime plan. The County will pay 50 percent of the premium for retirees with five years of participation as an active employee. The County contribution to the payment of the premium increases by two percent for each additional year of participation up to the 70 percent maximum.

On March 5, 2002, the County Council approved a one-time opportunity for retirees still under the 20/80 arrangement with an expiration date to elect the lifetime cost sharing arrangement. The new percentage paid by the County for those electing this arrangement ranges from 50 percent to 68 percent, depending upon years of active eligibility under the plan and years since retirement. The cost sharing election process has been completed.

The budget does not include employer contributions from participating outside agencies.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>16,512,900</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>21,587,860</b>	<b>0.0</b>

### **Historical Activities**

This NDA contains a General Fund (\$329,510) and a State (\$50,000) appropriation, and provides funding for the following agencies and programs:

- Historic Preservation Commission: The Historic Preservation Commission's main responsibility is to

administer the historic preservation ordinance including recommending Montgomery County sites of potential historical significance. These efforts are administered by the Maryland-National Capital Park and Planning Commission (M-NCPPC).

- **Historic Preservation Grant Fund:** The Historic Preservation Grant Fund is administered through the Historic Preservation Commission. The Historic Preservation Commission accepts proposals from County historical groups which compete for grant funding for historically significant or educational projects. Currently, historic preservation grant awards are recommended by the Historic Preservation Commission and executed by M-NCPPC.
- **Historical Society:** Funding for the Montgomery County Historical Society provides support for the Society's Education Program staff, educational and outreach programs for County residents, and to maintain the Historical Society's research library and museums.
- **Maryland Historic Grant:** The Maryland Historic Grant is a matching grant whereby the State of Maryland provides funds for historic preservation, and Montgomery County contributes matching funds totaling 25 percent of the State grant. These grant funds are passed through the County to M-NCPPC, which uses the dollars in its historic activity endeavors.

#### **FY06 Recommended Changes**

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>361,770</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>379,510</b>	<b>0.0</b>

### **Homeowners' Association Road Maintenance Reimburse.**

This NDA provides a partial reimbursement to homeowners' associations (HOAs) for their maintenance of certain privately-owned roadways. The payment is currently restricted to through roadways, accessible to the public, which are one-quarter mile or longer and which provide vehicular access to more than four dwelling units. In FY97, an Executive Regulation was enacted allowing homeowners' associations to request that their roadways be deemed "private maintenance roads." This designation qualifies the HOA for State reimbursement of their roadway maintenance costs. The County annually submits to the State its estimate of reimbursable miles, including those accepted as private maintenance roads. The State then reimburses the County, and, in turn, the County forwards the funds to HOAs.

#### **FY06 Recommended Changes**

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>276,390</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>276,390</b>	<b>0.0</b>

### **Housing Opportunities Commission**

The Housing Opportunities Commission is a public corporation established by Maryland law to act as a builder, developer, financier, owner, and manager of housing for people of low-and-moderate (eligible) income. The Commission also provides eligible families and individuals with affordable housing and supportive services.

#### **FY06 Recommended Changes**

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>4,411,030</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>4,912,070</b>	<b>0.0</b>

### **Inauguration & Transition**

The Montgomery County Charter provides for the quadrennial election of a County Executive and County Council. This NDA provides for a dignified ceremony and smooth transition of the County Executive and County Council every four years.

#### **FY06 Recommended Changes**

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>0</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>0</b>	<b>0.0</b>

### **Independent Audit**

Section 315 of the County Charter requires the County Council to contract with a Certified Public Accountant for an independent post audit of all financial records and actions of the County, its officials, and employees. By County law, the Office of Legislative Oversight is the designated administrator for this contract, which also includes certification of the Federal Transit Act (FTA) Grant and audits of tax-funded expenditures by the independent Fire and Rescue Corporations.

#### **FY06 Recommended Changes**

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>290,380</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>313,640</b>	<b>0.0</b>

### **Interagency Technology, Policy, & Coordinating Comm.**

This NDA supports the operation of the Interagency Technology Policy and Coordination Committee (ITPCC). The ITPCC was chartered by the Montgomery County Council to promote strategic planning and coordination in the use of information technology among County agencies. The ITPCC reports biannually to the County Council. By regularly convening the agencies' chief executive and chief information officers, the ITPCC provides an effective forum for the coordinated implementation of technology policies and guidelines. Additionally, the ITPCC facilitates interagency communication, the evaluation and sharing of new technologies and advises policy makers on the strategic uses of technology.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>29,700</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>30,000</b>	<b>0.0</b>

### **Judges Retirement Contributions**

This NDA provides pensions for retired Judges who were on the bench prior to 1968 in the Circuit Court and the People's Court (District Court) of Montgomery County and for their surviving spouses.

The Circuit Court pension is calculated at one percent of the net supplement paid by the County to the salaries of the Circuit Court Judges as of May 31, 1968, multiplied by the number of years of active service as a Judge (up to a maximum of 20 years). The surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are provided for in Section 12-10 of the Montgomery County Code.

The People's Court (District Court) pension is based on the current salary of a District Court Judge. A retired Judge receives 60 percent of the current salary of a District Court Judge, while a surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are provided for in Article 73B, Section 63(b) of the Annotated Code of Maryland. This NDA may be increased to include a cost of living adjustment at a rate equal to that approved for District Court Judges by the General Assembly. If a cost of living adjustment is approved next fiscal year, the NDA will be adjusted as necessary by a year-end transfer.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>6,110</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>3,740</b>	<b>0.0</b>

### **Leases**

This NDA provides the funds necessary to lease privately owned real estate for County programs. The County leases a number of different kinds of real estate: office, warehouse, retail, hangar space, child care space in schools, parking spaces and space for communication antennas. Leasing property allows the County the flexibility to locate programs in the communities they serve. Leasing provides space for programs to operate when there is no County owned space available. Further, it is an economical way to procure highly specialized, location sensitive or temporary space. Currently, there are approximately 80 leased facilities. In FY06 there is a need for an additional nine leased facilities. The inventory of leases is constantly shifting as new leases are added and existing leases are terminated.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>10,582,390</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>12,969,620</b>	<b>0.0</b>

### **Motor Pool Fund Contribution**

This NDA funds the acquisition of new, additional Motor Pool fleet vehicles, as opposed to replacement vehicles which are financed through an established chargeback mechanism.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>584,970</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>1,050,500</b>	<b>0.0</b>

### **Municipal Tax Duplication**

The Montgomery County Tax Duplication Program, authorized by Chapter 30A of the Montgomery County Code, reimburses municipalities for those public services they provide that would otherwise be provided by the County. County Council Resolution No. 9-1752, enacted April 27, 1982, increased the scope of program coverage from street-related expenditures to include other public services, such as Police Supplemental Aid; Animal Control; Elderly Transportation and Nutrition; Parks Maintenance; Zoning; Board of Appeals; and Human Rights.

This program was reviewed in FY96 and technical formula amendments proposed. The changes were approved, and payment calculations since then are prepared in accordance with County Council Resolution No. 13-650, adopted September 10, 1996. Specifically, as the exact payment amount for the current year cannot be determined until both Municipal and County books are closed, reimbursements are based on the final audited cost of performing eligible services during the fiscal year two years prior to the budget year. Also, reimbursements are now made at the County's cost and not at "the lesser of County or Municipal costs" of eligible service provision.

Finally, payments to municipalities are also made from other sources, including Cable TV Franchise Fees, Grants in Lieu of Shares Tax, Non-Departmental Accounts, and as part of the County's Community Development Block Grant.

#### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>6,067,710</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>7,379,150</b>	<b>0.0</b>

### **Prisoner Medical Services**

This NDA provides reimbursements to physicians and hospitals for medical care provided to individuals in the custody of any Montgomery County law enforcement agency, with the exception that offenders committed to the custody of the Department of Correction and Rehabilitation (DOCR) receive medical treatment paid for by the budget of that department (to the degree not paid for by Workers' Compensation, personal medical insurance, the Federal government, or other appropriate and available outside resources). DOCR manages this account and, with the assistance of the County Attorney, determines which costs are the responsibility of the County. All bills are reviewed for appropriateness of cost by a private contractor prior to payment.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>14,000</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>14,000</b>	<b>0.0</b>

### **Public Technology, Inc.**

Funds are budgeted each year to continue membership in Public Technology, Inc. (PTI) as the County's research and development link with the National Association of Counties. Annual dues, unchanged since 1991, cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The County participates in, and has received grants as a result of, initiatives in task forces on energy, solid waste, and telecommunications. PTI, as an organization, specializes in the research and assessment of ideas of interest to local governments for increasing efficiency, reducing costs, improving services, and solving problems. A current emphasis is on public enterprise, toward helping local governments identify and capture potential sales from products and information that are outcomes of government investment.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>27,500</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>27,500</b>	<b>0.0</b>

### **Restricted Donations**

This NDA was established to comply with the requirements of Government Accounting Standards Board Statement No. 34 (GASB 34) by budgeting for the receipt of private donations for County programs. The proceeds of the former Expendable Trust Fund accounts and other miscellaneous funds have been transferred to the Restricted Donations Special Revenue Fund. Appropriation authority to spend additional donations received during the year is provided through the County Council Resolution for the Approval of and Appropriation for the Operating Budget of the Montgomery County Government. The budget resolution provides that the unexpended balance in this fund at the end of the fiscal year is reappropriated by the County Council for the next fiscal year; and if needed, the Restricted Donations NDA can get transfers from the Future Federal, State, or Other Grants NDA for any individual donations up to \$100,000.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>0</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>0</b>	<b>0.0</b>

### **Risk Management (General Fund Portion)**

This NDA funds the General Fund contribution to the Liability and Property Coverage Self-Insurance Fund. The Self-Insurance Fund, managed by the Division of Risk Management in the Department of Finance, provides comprehensive insurance coverage to contributing agencies. Contribution levels are based on the results of an annual actuarial study. Special and Enterprise Funds, as well as outside agencies and other

jurisdictions, contribute to the Self-Insurance Fund directly. A listing of these member agencies and the amounts contributed can be found in the Risk Management Program section of the Department of Finance.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>11,488,680</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>13,254,760</b>	<b>0.0</b>

### **Rockville Parking District**

This NDA provides funding towards the redevelopment of the City of Rockville Town Center and the establishment of a parking district. The funding reflects a payment from the County to the City of Rockville for County buildings in the Town Center development and is based on the commercial square footage of county buildings.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>130,000</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>130,000</b>	<b>0.0</b>

### **State Positions Supplement**

This NDA provides for the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland appellate court and for certain employees in the Office of Child Care Licensing and Regulation in the Maryland State Department of Human Resources.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>243,400</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>168,380</b>	<b>0.0</b>

### **State Retirement Contribution**

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired. (All County employees participated in the State Retirement System until 1965.) The County contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.
- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

### **FY06 Recommended Changes**

	Expenditures	WYs
<b>FY05 Approved</b>	<b>769,830</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>808,130</b>	<b>0.0</b>

### ***Support for the Arts and Recreation***

This NDA provides support for nonprofit County-based arts, humanities, and recreation organizations that provide direct services to Montgomery County residents. The program is administered by the Department of Recreation. A complete list of grantees is located within the FY06 Recommended Changes Crosswalk at the end of this section.

#### ***FY06 Recommended Changes***

	Expenditures	WYs
<b>FY05 Approved</b>	<b>1,706,180</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>1,710,190</b>	<b>0.0</b>

### ***Takoma Park Library Annual Payment***

The annual amount provided in this NDA is a function of County expenditures for Libraries (as a share of property tax-funded spending) and the City's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code.

#### ***FY06 Recommended Changes***

	Expenditures	WYs
<b>FY05 Approved</b>	<b>89,670</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>89,670</b>	<b>0.0</b>

### ***Takoma Park Police Rebate***

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses \$0.048 per \$100 of assessable base tax rate with "full value assessment" levied on real property.

#### ***FY06 Recommended Changes***

	Expenditures	WYs
<b>FY05 Approved</b>	<b>453,810</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>453,810</b>	<b>0.0</b>

### ***Working Families Income Supplement***

This NDA provides funds to match the State's Refundable Earned Income Tax Credit (EITC). The intent of the Working Families Income Supplement is to provide financial assistance to low-income working families in Montgomery County. The County, through the NDA, reimburses the State for the cost of the refund and related administrative expenses.

#### ***FY06 Recommended Changes***

	Expenditures	WYs
<b>FY05 Approved</b>	<b>8,084,000</b>	<b>0.0</b>
<b>FY06 CE Recommended</b>	<b>10,518,000</b>	<b>0.0</b>



## BUDGET SUMMARY

	Actual FY04	Budget FY05	Estimated FY05	Recommended FY06	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	325,045	1,417,210	345,690	1,595,720	12.6%
Employee Benefits	50,490	120,240	120,240	159,740	32.9%
<b>County General Fund Personnel Costs</b>	<b>375,535</b>	<b>1,537,450</b>	<b>465,930</b>	<b>1,755,460</b>	<b>14.2%</b>
Operating Expenses	53,328,712	74,510,240	76,021,420	90,734,090	21.8%
Capital Outlay	0	584,970	0	1,050,500	79.6%
<b>County General Fund Expenditures</b>	<b>53,704,247</b>	<b>76,632,660</b>	<b>76,487,350</b>	<b>93,540,050</b>	<b>22.1%</b>
<b>PERSONNEL</b>					
Full-Time	4	4	4	6	50.0%
Part-Time	0	0	0	0	—
Workyears	1.6	1.4	1.4	3.2	128.6%
<b>REVENUES</b>					
Takoma Park Munic. Tax Duplic. Loan Reimb.	50,000	50,000	50,000	50,000	—
Rental Property - Conference Center	0	62,500	62,500	125,000	100.0%
Rental Property Income	4,971,954	3,351,150	3,351,150	3,351,150	—
Conference Center - Net Proceeds	0	0	120,000	550,000	—
<b>County General Fund Revenues</b>	<b>5,021,954</b>	<b>3,463,650</b>	<b>3,583,650</b>	<b>4,076,150</b>	<b>17.7%</b>
<b>GRANT FUND MCG</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	0	289,250	0	181,760	-37.2%
Employee Benefits	0	0	0	0	—
<b>Grant Fund MCG Personnel Costs</b>	<b>0</b>	<b>289,250</b>	<b>0</b>	<b>181,760</b>	<b>-37.2%</b>
Operating Expenses	276,807	10,050,000	10,050,000	10,050,000	—
Capital Outlay	0	0	0	0	—
<b>Grant Fund MCG Expenditures</b>	<b>276,807</b>	<b>10,339,250</b>	<b>10,050,000</b>	<b>10,231,760</b>	<b>-1.0%</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
<b>REVENUES</b>					
Community Grants	88,108	0	0	0	—
Historical Activities: Historic Preservation	75,000	50,000	50,000	50,000	—
Miscellaneous Future Grants	0	10,000,000	10,000,000	10,000,000	—
<b>Grant Fund MCG Revenues</b>	<b>163,108</b>	<b>10,050,000</b>	<b>10,050,000</b>	<b>10,050,000</b>	—
<b>RESTRICTED DONATIONS</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
<b>Restricted Donations Personnel Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	—
Operating Expenses	366,726	0	0	0	—
Capital Outlay	0	0	0	0	—
<b>Restricted Donations Expenditures</b>	<b>366,726</b>	<b>0</b>	<b>0</b>	<b>0</b>	—
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
<b>DEPARTMENT TOTALS</b>					
<b>Total Expenditures</b>	<b>54,347,780</b>	<b>86,971,910</b>	<b>86,537,350</b>	<b>103,771,810</b>	<b>19.3%</b>
<b>Total Full-Time Positions</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>50.0%</b>
<b>Total Part-Time Positions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	—
<b>Total Workyears</b>	<b>1.6</b>	<b>1.4</b>	<b>1.4</b>	<b>3.2</b>	<b>128.6%</b>
<b>Total Revenues</b>	<b>5,185,062</b>	<b>13,513,650</b>	<b>13,633,650</b>	<b>14,126,150</b>	<b>4.5%</b>

# FY06 RECOMMENDED CHANGES CROSSWALK

	Expenditures	WYs
<b>COUNTY GENERAL FUND</b>		
<b>FY05 ORIGINAL APPROPRIATION</b>	<b>76,632,660</b>	<b>1.4</b>
<b><u>Arts and Humanities Council</u></b>		
Increase Cost: Arts and Humanities Council's operating support grants from 3.58% to 4%	183,940	0.0
<b><u>Boards, Committees and Commissions</u></b>		
Enhance: Board, Committee and Commission members training costs	5,000	0.0
Increase Cost: Mileage and dependent care reimbursements as recommended by committee evaluation and review board.	5,000	0.0
<b><u>Charter Review Commission</u></b>		
Increase Cost: Biennial reporting requirement	1,100	0.0
<b><u>Closing Costs Assistance</u></b>		
Increase Cost: Annualization of FY05 Operating Expenses	4,090	0.0
<b><u>Community Grants</u></b>		
Add: Community Empowerment Grant: Housing & Community Initiatives, Inc. (Financial Fitness: Basic Financial Education)	19,700	0.0
Add: Community Empowerment Grant: Identity, Inc. (Needs Assessment - Latino Youth)	22,600	0.0
Add: Community Empowerment Grant: IMPACT Silver Spring (Leadership Support Group for emerging nonprofits)	24,650	0.0
Add: Community Empowerment Grant: Independence Now, Inc. (Volunteer Peer Mentoring)	4,980	0.0
Add: Community Empowerment Grant: Montgomery Youth Works (Arts on the Block: Maryland Gateway Underpass)	25,000	0.0
Add: Community Empowerment Grant: YMCA, Youth & Family Services (Community Connections - gang prevention)	25,000	0.0
Add: Community Grant: American Film Institute (Silver Theatre operating support)	1,300,000	0.0
Add: Community Grant: Anchor Mental Health (bilingual social worker for Wheaton's McCarrick Center)	54,000	0.0
Add: Community Grant: Asian Pacific American Chamber of Commerce (seminars for Asian American business owners)	45,000	0.0
Add: Community Grant: Association of African American Financial Advisors (predatory lending & housing discrimination training)	57,040	0.0
Add: Community Grant: Aunt Hattie's Place (bond bill match)	150,000	0.0
Add: Community Grant: Baltimore Symphony Orchestra (Strathmore operating support)	500,000	0.0
Add: Community Grant: Barbara Bush Foundation for Family Literacy (Maryland Celebration of Reading)	15,000	0.0
Add: Community Grant: Carribean Help Center (operating support)	10,000	0.0
Add: Community Grant: CASA of Maryland, Inc. (expanded health access services to the French-speaking African community)	30,000	0.0
Add: Community Grant: Catholic Community Services, Inc.(congregation-based emergency services system)	48,000	0.0
Add: Community Grant: Centro Familia (early childhood care and education in immigrant communities)	72,000	0.0
Add: Community Grant: Glen Echo Park Partnership (operating support)	100,000	0.0
Add: Community Grant: Heritage Tourism Alliance of Montgomery County (operating grant match requirement)	70,000	0.0
Add: Community Grant: Identity (positive youth development program)	300,000	0.0
Add: Community Grant: Imagination Stage (transition expenses)	350,000	0.0
Add: Community Grant: IMPACT Silver Spring (community involvement and leadership programs)	20,000	0.0
Add: Community Grant: Jewish Coalition Against Domestic Abuse (premarital counseling curriculum)	10,000	0.0
Add: Community Grant: Jewish Community Center (building security)	315,400	0.0
Add: Community Grant: Jewish Federation of Greater Washington (Federal grant match for Naturally Occurring Retirement Communities demonstration project)	300,000	0.0
Add: Community Grant: Jewish Federation of Greater Washington (upgraded security access control system)	24,000	0.0
Add: Community Grant: Levine School of Music (transitional costs associated with Strathmore move)	50,000	0.0
Add: Community Grant: Lt. Joseph P. Kennedy Institute, Inc. (case manager for autism waiver)	20,000	0.0
Add: Community Grant: Mobile Medical Care (vehicle for homeless health care initiative)	50,000	0.0
Add: Community Grant: National Philharmonic (operating support for transition into Strathmore Hall)	400,000	0.0
Add: Community Grant: Round House Theatre (offsetting Silver Spring deficits)	500,000	0.0
Add: Community Grant: Senior Health Insurance Assistance Program (Medicare education)	55,000	0.0
Add: Community Grant: Victory Housing (emergency generator for Mary's House assisted living)	25,000	0.0
Add: Community Grant: Victory Youth Centers (bond bill match for construction)	825,000	0.0
Add: Community Service Grant: Arc of Montgomery County, Inc.	15,000	0.0
Add: Community Service Grant: Boat People SOS, Inc.	20,000	0.0
Add: Community Service Grant: Carribean Help Center, Inc.	20,000	0.0
Add: Community Service Grant: CASA of Maryland, Inc.	20,000	0.0

	Expenditures	WYs
Add: Community Service Grant: CHI Centers, Inc.	20,000	0.0
Add: Community Service Grant: Child Center & Adult Services, Inc.	10,530	0.0
Add: Community Service Grant: Community Clinic, Inc.	20,000	0.0
Add: Community Service Grant: Community Ministry of Montgomery County, Inc.	20,000	0.0
Add: Community Service Grant: Friends of Wells/Robertson House, Inc.	1,980	0.0
Add: Community Service Grant: Great Strides Therapeutic Riding, Inc.	20,000	0.0
Add: Community Service Grant: Housing Unlimited, Inc.	2,800	0.0
Add: Community Service Grant: IMPACT Silver Spring	11,900	0.0
Add: Community Service Grant: Jewish Council for the Aging	20,000	0.0
Add: Community Service Grant: Jewish Foundation for Group Homes, Inc.	20,000	0.0
Add: Community Service Grant: Jewish Social Service Agency	15,300	0.0
Add: Community Service Grant: Jobs Unlimited, Inc.	20,000	0.0
Add: Community Service Grant: Lt. Joseph P. Kennedy Institute	8,210	0.0
Add: Community Service Grant: Mobile Medical Care, Inc.	20,000	0.0
Add: Community Service Grant: Montgomery Avenue Women's Center, Inc.	1,670	0.0
Add: Community Service Grant: Montgomery County Coalition for the Homeless, Inc.	20,000	0.0
Add: Community Service Grant: Montgomery Volunteer Dental Clinic, Inc.	20,000	0.0
Add: Community Service Grant: Primary Care Coalition of Montgomery County, MD, Inc.	19,380	0.0
Add: Community Service Grant: Rebuilding Together, Montgomery County	6,870	0.0
Add: Community Service Grant: Red Wiggler Foundation, Inc.	20,000	0.0
Add: Community Service Grant: Saint Mark Elderly Housing Corp.	5,000	0.0
Add: Community Service Grant: Senior Connection of Montgomery County	12,120	0.0
Add: Community Service Grant: St. Luke's House, Inc.	20,000	0.0
Add: Community Service Grant: Support Center, Inc.	19,340	0.0
Add: Community Service Grant: The Ivymount School	19,850	0.0
Add: Community Service Grant: Threshold Services, Inc.	19,520	0.0
Add: Community Service Grant: Top Banana Home Delivered Groceries, Inc.	4,400	0.0
Add: Community Service Grant: Washington Youth Foundation	20,000	0.0
Add: Community Service Grant: WUMCO HELP, Inc. (Western Upper Montgomery County)	880	0.0
Decrease Cost: Elimination of one-time items approved in FY05.	-2,840,320	0.0
<b><u>Compensation Adjustment</u></b>		
Add: Workforce Planning/Performance Management Solution	149,570	0.8
Increase Cost: Management Leadership Service pay for performance (Tax Supported)	116,680	0.0
Increase Cost: Personnel charges and outside legal costs for Deferred Compensation Management	14,640	0.0
Decrease Cost: Elimination of one-time items approved in FY05 (Deferred Compensation Pre-Printed Forms)	-1,500	0.0
<b><u>Conference and Visitor's Bureau</u></b>		
Add: Conference Center staff support for an average of 40 hours/week	22,400	0.0
Decrease Cost: Elimination of one-time items approved in FY05	-155,500	0.0
<b><u>Conference Center</u></b>		
Add: Operating reserve required by management agreement	200,000	0.0
Increase Cost: Baseline repair, maintenance and alteration funds	100,000	0.0
Add: Conference Center Liaison position	80,000	1.0
Increase Cost: FY06 Group Insurance & Retirement rate adjustments	810	0.0
Eliminate: One-time FY05 pre-opening expenses	-1,260,270	0.0
<b><u>Council of Governments</u></b>		
Increase Cost: Membership dues	17,690	0.0
<b><u>County Associations</u></b>		
Increase Cost: Maryland Association of Counties membership dues	4,990	0.0
Increase Cost: National Association of Counties membership dues	450	0.0
<b><u>Group Insurance-Retirees</u></b>		
Increase Cost: FY06 MARC Adjustment for Group Insurance Retirees	3,254,000	0.0
Increase Cost: FY06 Group Insurance rate increase	1,820,960	0.0
<b><u>Historical Activities</u></b>		
Add: Montgomery County Historical Society - Archival Consultant	10,000	0.0
Increase Cost: Personnel merit increases for staff supporting the Historic Preservation Commission	7,740	0.0
<b><u>Housing Opportunities Commission</u></b>		
Increase Cost: Due to increase in electricity rates	350,000	0.0
Increase Cost: Increased Compensation Collective Bargaining Agreement	151,040	0.0
<b><u>Independent Audit</u></b>		
Increase Cost: Fixed costs for contracted audit services	23,260	0.0

	Expenditures	WYs
<b><u>ITPCC</u></b>		
Increase Cost: Miscellaneous operating expenses	300	0.0
<b><u>Judges' Retirement Contribution</u></b>		
Decrease Cost: Reduction of County contribution to Judges' pensions	-2,370	0.0
<b><u>Leases</u></b>		
Enhance: New leases for FY06	1,354,920	0.0
Enhance: Montgomery County Fire and Rescue Services warehouse lease	600,000	0.0
Increase Cost: Existing leases - CPI, negotiated increases and other miscellaneous adjustments	432,310	0.0
<b><u>Motor Pool Fund Contribution</u></b>		
Add: Additional vehicles for Police	829,000	0.0
Add: Additional vehicles for Department of Public Works and Transportation	167,500	0.0
Add: Additional vehicles for Fire and Rescue Service	54,000	0.0
Decrease Cost: Elimination of one-time items approved in FY05	-584,970	0.0
<b><u>Municipal Tax Duplication</u></b>		
Increase Cost: Increased Municipalities Reimbursements Due to Increased FY04 Costs	1,311,440	0.0
<b><u>Risk Management</u></b>		
Increase Cost: Claims expense	1,766,080	0.0
<b><u>State Positions Supplement</u></b>		
Increase Cost: FY06 Group Insurance Rate Adjustments	1,740	0.0
Decrease Cost: FY06 Retirement Rate Adjustments	-9,140	0.0
Decrease Cost: Annualization of FY05 personnel costs	-67,620	0.0
<b><u>State Retirement Contribution</u></b>		
Increase Cost: Labor Contracts	38,300	0.0
<b><u>Support for the Arts &amp; Recreation</u></b>		
Increase Cost: Partnership Grants for Arts/Humanities & Recreation	1,500,000	0.0
Add: Imagination Stage, Inc. (Dance Theatre Studio construction)	150,000	0.0
Add: Robert E. Parilla Performing Arts Center - Montgomery College (theatre video projection system)	36,190	0.0
Add: The Musical Theater Center (database software and computer hardware)	24,000	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY05	-1,706,180	0.0
<b><u>Working Families Income Supplement</u></b>		
Increase Cost: Projected expenditures for the Program	2,434,000	0.0
<b>FY06 RECOMMENDATION:</b>	<b>93,540,050</b>	<b>3.2</b>
<b>GRANT FUND MCG</b>		
<b>FY05 ORIGINAL APPROPRIATION</b>	<b>10,339,250</b>	<b>0.0</b>
<b><u>Compensation Adjustment</u></b>		
Decrease Cost: MLS Pay for Performance (Non Tax Supported)	-107,490	0.0
<b>FY06 RECOMMENDATION:</b>	<b>10,231,760</b>	<b>0.0</b>

## FUTURE FISCAL IMPACTS

Title	CE REC.			(\$000's)		
	FY06	FY07	FY08	FY09	FY10	FY11
This table is intended to present significant future fiscal impacts of the department's programs.						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY06 Recommended</b>	<b>93,540</b>	<b>93,540</b>	<b>93,540</b>	<b>93,540</b>	<b>93,540</b>	<b>93,540</b>
No inflation or compensation change is included in outyear projections.						
<b>Motor Pool Fund Contribution - Elimination of One-Time Items Recommended in FY06</b>	<b>0</b>	<b>-1,051</b>	<b>-1,051</b>	<b>-1,051</b>	<b>-1,051</b>	<b>-1,051</b>
All vehicles purchases are one-time expenditures. Annual maintenance of vehicles are budgeted in the department's budget.						
<b>State Positions Supplement - Labor Contracts</b>	<b>0</b>	<b>20</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
These figures represent the annualization of FY06 increments, general wage adjustments, and associated benefits. Estimated compensation (e.g., general wage adjustment and service increments) for personnel are included for FY07 and beyond.						
<b>Community Grants - Elimination of One-Time Items Recommended in FY06</b>	<b>0</b>	<b>-6,312</b>	<b>-6,312</b>	<b>-6,312</b>	<b>-6,312</b>	<b>-6,312</b>
Community Grants are considered one-time and eliminated from the base in the outyears.						
<b>Compensation Adjustment - Group Insurance Premium Contribution Changes</b>	<b>0</b>	<b>7,573</b>	<b>15,292</b>	<b>23,077</b>	<b>31,573</b>	<b>40,518</b>
Future Group Insurance premium contributions are based on various factors including the Health Insurance Fund balance and claims cost experience.						
<b>Compensation Adjustment - Nonrepresented Pay-for-Performance Program</b>	<b>0</b>	<b>907</b>	<b>907</b>	<b>907</b>	<b>907</b>	<b>907</b>
This represents implementation of pay-for-performance lump sum awards for nonrepresented employees beginning in FY07.						
<b>Conference Center - Management Audit</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>50</b>
Represents preliminary cost estimates for periodic conference center management audits.						
<b>Group Insurance for Retirees</b>	<b>0</b>	<b>-1,544</b>	<b>-748</b>	<b>-86</b>	<b>609</b>	<b>1,533</b>
Ongoing Group Insurance contributions for retirees.						
<b>Inauguration and Transition</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
This NDA is funded every four year election cycle.						
<b>State Retirement Contribution</b>	<b>0</b>	<b>40</b>	<b>82</b>	<b>127</b>	<b>173</b>	<b>173</b>
Funds payments to the Maryland State Retirement System (MSRS) and the State Library Retirement.						
<b>Support for the Arts and Recreation - Elimination of One-Time Items Recommended in FY06</b>	<b>0</b>	<b>-210</b>	<b>-210</b>	<b>-210</b>	<b>-210</b>	<b>-210</b>
Arts and Recreation Grants (with the exception of the Partnership Grants Program) are considered one-time and eliminated from the base in the outyears.						
<b>Working Families Income Supplement</b>	<b>0</b>	<b>437</b>	<b>873</b>	<b>1,316</b>	<b>1,766</b>	<b>2,222</b>
Reimburses the State for the refund and related administrative costs for the Earned Income Tax Credit (EITC) program.						
<b>Subtotal Expenditures</b>	<b>93,540</b>	<b>93,460</b>	<b>102,398</b>	<b>111,382</b>	<b>121,020</b>	<b>131,404</b>
<b>Revenues</b>						
<b>Conference Center - Net Operating Income Revenues</b>	<b>0</b>	<b>251</b>	<b>555</b>	<b>555</b>	<b>555</b>	<b>555</b>
Represents projected net operating income proceeds from the Conference Center.						
<b>Conference Center - Hotel Land Rent Revenue</b>	<b>0</b>	<b>0</b>	<b>97</b>	<b>194</b>	<b>194</b>	<b>194</b>
Offsetting hotel land rent from the Conference Center.						
<b>Subtotal Revenues</b>	<b>0</b>	<b>251</b>	<b>652</b>	<b>749</b>	<b>749</b>	<b>749</b>

INVESTMENT TRUSTEES					
PROGRAM: Employees' Retirement System (ERS)			PROGRAM ELEMENT:		
PROGRAM MISSION: To maintain a prudent investment program that strikes an appropriate balance between risks taken and returns sought in order to fund existing and projected pension needs while ensuring the long-term health of the Employees' Retirement System					
COMMUNITY OUTCOMES SUPPORTED: • Provide prudent management of tax dollars and employee contributions • Contribute to the future financial security and quality of life of participants and their beneficiaries					
PROGRAM MEASURES <sup>a</sup>	FY02 ACTUAL	FY03 ACTUAL	FY04 ACTUAL	FY05 BUDGET	FY06 CE REC
<b>Outcomes/Results:</b>					
Annual rate of return on ERS investments (%)	-6.67	+5.46	+17.16	<sup>b,c</sup> NA	<sup>b,c</sup> NA
Annual rate of return on ERS Investments, net of fees (%)	-6.75	+4.78	+16.79	<sup>b,c</sup> NA	<sup>b,c</sup> NA
Ten-year annualized rate of return on ERS investments (%)	+9.25	+8.32	+9.78	<sup>b,c</sup> NA	<sup>b,c</sup> NA
Difference between annual ERS rate of return and benchmark rate of return <sup>d</sup> (percentage points)	+0.75	+0.49	+1.50	<sup>c</sup> NA	<sup>c</sup> NA
Difference between annual ERS rate of return net of fees and the median rate of return for the public fund universe <sup>e</sup> (percentage points)	-2.11	+0.63	+2.96	<sup>c</sup> NA	<sup>c</sup> NA
Net investment income (loss) (\$millions)	(124.2)	82.2	287.0	<sup>c</sup> NA	<sup>c</sup> NA
Percentage funded <sup>f</sup>	89.6	84.2	79.8	77.3	77.1
<b>Service Quality:</b>					
<b>Efficiency:</b>					
Total program cost <sup>g</sup> as a percentage of total ERS assets	0.37	0.35	0.44	0.35	0.36
Investment administrative cost <sup>h</sup> per participant (\$)	77.35	66.42	45.62	53.09	43.21
<b>Workload/Outputs:</b>					
Total ERS assets (\$millions)	1,678	1,727	1,976	2,144	2,291
Number of investment management firms under contract	12	15	16	17	17
Number of participants (includes all participating agencies):					
Active	5,989	5,876	5,670	5,270	5,010
Retired	4,115	4,370	4,559	4,600	4,760
Contributions received (includes County and employee contributions) (\$millions)	52.1	70.0	76.7	92.5	101.0
<b>Inputs:</b>					
Expenditures (\$) <sup>h</sup>	781,537	680,496	466,632	524,000	422,200
Workyears	3.3	2.6	2.4	2.4	2.4
<b>Notes:</b>					
<sup>a</sup> All figures are as of June 30.					
<sup>b</sup> The actuarial assumed rate of return on investments for the ERS is 8%.					
<sup>c</sup> This figure depends on market conditions and cannot be reliably projected.					
<sup>d</sup> The Board has developed a total fund benchmark, which is computed as a weighted average of the rate of return for a representative index for each asset class within the fund. The asset classes are: domestic equities, international equities, real estate, fixed income, alternative investments, treasury inflation protection securities (TIPS), and cash. The weights used to compute the benchmark average are derived from the target weighting for each asset class.					
<sup>e</sup> The public fund universe is comprised of over 100 public sector pension funds with assets of \$1 billion and up and is prepared by Wilshire Associates, a national financial consulting firm. The returns for the public funds included in the Wilshire analysis are shown net of fees.					
<sup>f</sup> This is the ratio of ERS assets to the fund's actuarial accrued liability (the estimate of future benefits to be paid), expressed as a percentage. It provides an indication of the healthiness of the fund. (When this percentage is subtracted from 100, the result is the so-called unfunded liability.) Good investment earnings contribute to improving the percentage funded. The percentage is also strongly affected by the liability for future benefit payments (and changes in the benefit provisions), which the Board does not control. This is a projected ratio for FY05 and FY06.					
<sup>g</sup> The total program cost includes all expenditures of the Board of Investment Trustees related to the investment program (including investment management fees).					
<sup>h</sup> This includes only administrative expenditures by the Board of Investment Trustees related to the investment program. These expenses are paid from the Employees' Retirement System Trust Fund and exclude investment management fees (which depend on the market value of the total ERS assets). During FY04, the payment of benefit processing fees was transferred to the Office of Human Resources.					
<b>EXPLANATION:</b>					
The Employees' Retirement System (ERS) is a cost-sharing multiple-employer defined benefit pension plan that was established by Montgomery County in 1965. Other agencies or political subdivisions can choose to participate in the plan; current participants include the Montgomery County Revenue Authority, the Housing Opportunities Commission, independent fire - rescue corporations, the Town of Chevy Chase, the Strathmore Hall Foundation, and the Washington Suburban Transit Commission, among others. The ERS is closed to employees hired on or after October 1, 1994, except for public safety employees who are covered by County labor agreements. As of June 30, 2004, the total ERS membership consisted of 4,559 retirees and terminated employees not yet receiving benefits, plus 5,670 active employees.					
The Board of Investment Trustees is responsible for overseeing the investment programs for all of the County's employee retirement plans, including the ERS. The Board has established an investment policy designed to control the extent of downside risk to which the ERS assets are exposed while maximizing the potential for long-term increases in the value of those assets. The Board hires investment managers within the various asset classes (domestic equities, international equities, real estate, fixed income, alternative investments, and treasury inflation protection securities) to invest a portion of the ERS assets. The Board creates a specific set of investment guidelines for each manager, based on the manager's investment style. Each manager's investment performance is evaluated against specific style objectives and against the returns achieved by other similar investment managers. The Board hires an investment consultant to assist in evaluating the investment managers, the asset allocation, and total fund results. A custodian bank records the security transactions of each investment manager and has custody of the ERS investments.					
For the year ending June 30, 2004, the ERS return ranked in the top 17% of the returns achieved by similar public pension funds reporting results. According to a national pension consulting firm, for the year ended June 30, 2004, the ERS' investment-related expenses ranked nearly 10% lower than those of comparable funds.					
<b>PROGRAM PARTNERS IN SUPPORT OF OUTCOMES:</b> Investment managers, custodian bank, investment consultant, outside legal counsel, Office of Human Resources, Department of Finance, County Attorney's Office.					
<b>MAJOR RELATED PLANS AND GUIDELINES:</b> Montgomery County Code, Federal laws, Board of Investment Trustees bylaws, investment policies, investment guidelines.					